

SMALL INSTITUTION CRA SCOPING

OVERVIEW

The procedures that follow provide additional guidance in scoping the CRA examination in a small institution as defined by Part 345. The criteria that should be reviewed to determine whether a more limited CRA scope is appropriate should be weighed according to the risks associated. Specific and additional guidance is provided in the following areas:

- Pre-examination planning (PEP) procedures;
- Community contacts;
- Sampling guidelines;
- Guidelines for completing small bank performance evaluations (PEs); and
- Information sources to be used in developing the performance context.

This guidance supplements existing examination procedures and guidelines and should be referred to when preparing for CRA examinations. Examiners should consider all the risks involved in scoping, and exercise judgment in establishing an examination scope that would address those risks.

Objective(s)

The objective of CRA scoping is to identify institutions that are eligible for a more specific set of guidance due to a fairly stable environment. CRA scoping also enables examiners to work more efficiently in conducting CRA examinations through implementation of standardized and effective pre-planning and examination procedures for institutions that meet certain criteria.

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SCOPING

Examiners should use the criteria listed below in determining whether CRA

CRITERIA

scoping is warranted. However, CRA scoping and exceptions to the scoping criteria are subject to the approval of the Field Office Supervisor (FOS). Examiners should also consult the FOS if at any time during the examination questions or concerns are raised about the bank's CRA performance.

- There have been no significant changes since the previous examination in senior management, demographics, or the assessment area.
- The assessment area is non-complex in terms of the income levels of the geographies, demographics, and the number of geographies covered by the assessment area.
- There are no concerns about the institution's loan mix or products. (For example, no significant changes in loan products, or no concerns about the addition of certain loan products.)
- There have been no CRA-related complaints or protests.
- The institution's loan-to-deposit ratio is reasonable.
- The institution has received at least a "Satisfactory" rating the previous two examinations. Therefore, *de novo* banks would not qualify for these procedures.

Even if some of the above criteria do not exist, a reduced scope may still be warranted. Additional procedures may be necessary though to ensure the risks associated with the absent criteria are limited. Discussion and concurrence from the FOS will be necessary in these cases.

**Scoping
Scenarios**

Below are provided several basic scenarios that the examiner may encounter. These are simply examples of situations and do not cover all of the above criteria.

Scenario 1

The bank is located in a rural agriculture community approximately 100 miles from the nearest MSA. No new loan officers or managers have been hired since the previous examination, and the assessment area remains unchanged. Loan growth has remained stable with a slight increase in agriculture loans. The loan-to-deposit ratio has also been stable and was considered reasonable at the last examination. The ratio compares favorably among three similarly situated financial institutions. In December of last year, the bank began offering a new home equity line of credit product; however, it comprises less than five percent of the loan portfolio. There have been no CRA complaints or fair lending issues.

Given the stable environment described in scenario 1, examiners would likely utilize the following small bank CRA scoping procedures.

**SCOPING
CRITERIA
(cont'd)***Scenario 2*

The bank is located on the outskirts of an MSA with total assets of \$100 million. The assessment area includes six neighborhood communities. All census tracts are designated middle- and upper-income. However, a recent community contact identified several pockets of low-income neighborhoods, particularly near the

**Scoping
Scenarios
(cont'd)**

bank's branch office, which has a new Vice President as branch manager. The bank's loan-to-deposit ratio is similar to the ratio of two other similarly situated financial institutions but ranks the lowest of the three institutions by five percent.

The bank in scenario 2 is also eligible for scoping; however, the examiner would first need to analyze demographic data pertaining to the low-income neighborhoods to determine if a full-scope CRA examination is warranted. The examiner would also need to determine the extent of the manager's policy-making authority as it pertains to lending.

Scenario 3

The bank's assessment area includes a MSA and one rural county located adjacent to the MSA. The MSA includes 116 census tracts with a number of low- and moderate-income geographies. The rural portion contains 5 BNAs, all of which are middle-income. There have been no changes in management since the previous examination. The loan-to-deposit ratio was considered satisfactory at the last examination and compares favorably to similarly situated institutions. A review of another bank's PE, located one mile from this bank, revealed that a community group protested that institution regarding their lending record. Also, the EIC discovered, through discussions with bank management, that a major local employer had recently closed, leaving many residents unemployed.

Reduced scoping procedures would not be used for this institution due to the complexity of the assessment area, the changes in employment/economic demographics, and the need to ensure that lending gaps do not exist or are reasonable.

**Scope
Memorandum**

Provide a brief paragraph in the PEP memorandum explaining the principal reasons the examiner feels that the risk is low enough that reduced CRA scoping procedures are appropriate. A sample paragraph follows.

Reduced CRA scoping procedures are warranted at this examination. There have been no significant changes in management or loan products since the previous examination. The institution's assessment area is fairly homogenous with three middle-income BNAs and one moderate-income BNA. In addition, the local economy remains stable, and a review of recent community contacts indicates no significant changes in local demographics.

PEP PROCEDURES

The following procedures are designed to assist the examiner in beginning the CRA Performance Evaluation (PE) and establishing the performance context. Additional areas of the PE can be completed depending on the information provided by the institution. If the following procedures are followed, then the PE should be near completion upon entry into the bank. Although the examiner will probably have to wait until entry into the bank to complete sampling and analysis of the lending performance criteria, the format of the PE can already be established.

CIR/CDR

To allow for a greater portion of the examination to be performed off-site, examiners may request bank loan data in conjunction with the Compliance Information and Document Request (CIR/CDR) letters. Examiners also have the flexibility to customize the CIR and CDR to request more useful and job-specific data. The following are examples of data that examiners may wish to request:

- Obtain copy(ies) of the Loan Application Register(s) on diskette or other electronic format for periods that are not available on CRA Analyzer. Instruct the financial institution to prepare the diskette for YTD data as if they were submitting the data to the Federal Reserve.
- In lieu of the trial balance requested in the CDR, request a trial balance for all loans originated since the previous CRA examination containing the following data, if available, sorted by class code and then by date:
 - Loan #
 - Full borrower name
 - Original loan amount
 - Maximum credit line/commitment amount
 - Origination Date
 - Borrower income
 - Code or indicator that the loan is a renewal
 - Interest rate
 - Collateral code or description
 - Call Report class code
 - Purpose Code
 - Street, City, State, Zip in separate data fields
 - Census Tract/BNA

NOTE: With the introduction of the Data Conversion Module (DCM), requesting an electronic copy of the above data will become more standard. In these cases, the DCM Request Letter would be attached to the CIR and a physical loan trial would probably not be requested.

PEP PROCEDURES (cont'd)

Performance Context

<ol style="list-style-type: none"> 1. Determine whether any changes were made to the assessment area since the previous CRA evaluation. If changes have occurred, determine the basis for the changes and whether the assessment area arbitrarily excludes any low- and moderate-income geographies. 2. Gather the relevant data needed to develop a performance context for the financial institution. Refer to the Information Gathering Resources section of this document for sources of information needed in the performance context. 3. Prepare descriptions of the institution and assessment area. (Refer to the Guidelines for Completing the PE.)
Loan-to-Deposit Ratio
<ol style="list-style-type: none"> 1. Determine and analyze the institution's average loan-to-deposit ratio. 2. Describe the institution's performance under this criterion. Include comparisons to similarly situated institution(s) if this lends to the analysis of this performance criterion. (Refer to Guidelines for Completing the PE.)
Lending Inside Assessment Area
<ol style="list-style-type: none"> 1. Determine the extent of lending inside and outside the assessment area(s) using HMDA data, automated loan reports, or any other data provided by the institution, if available. 2. Describe the institution's performance under this criterion. (Refer to Guidelines for Completing the PE.)
Geographic Distribution
<ol style="list-style-type: none"> 1. Determine if a geographic analysis is relevant given the demographic make-up of the assessment area. For example, in cases where the examiner identifies no low- and moderate-income geographies, a geographic analysis may not be relevant. However, a statement should be included in the PEP memorandum stating there are no low- and moderate-income geographies in the assessment area. 2. If HMDA data was available, compare the distribution of loans among geographies of different income levels to relevant demographic statistics, including the percentage of low-, moderate-, middle-, and upper-income families living in census tracts/BNAs within the assessment area.

**PEP
PROCEDURES
(cont'd)**

May 31, 1998

Lending to Borrowers of Different Incomes and Businesses of Different Sizes
<ol style="list-style-type: none"> 1. If HMDA data was available, analyze the distribution of loans by borrower profile. Include comparisons to the following economic, demographic, and market data, if relevant to your analysis: <i>Home and Consumer Loans</i> <ul style="list-style-type: none"> • Determine the number and percentage of low-, moderate-, middle-, and upper-income families. (Rev. 2) <i>Business Loans</i>

PART IV: B2-5

**COMMUNITY
CONTACTS**

1. Consult community contacts performed since the previous examination in the assessment area or a broader regional or statewide area that includes the assessment area.
2. Determine whether the FDIC or other regulatory agencies have performed recent (within one year) community contacts in the area. If so, examiners may use these contacts in lieu of performing additional contacts.
3. Updating a previous contact via telephone may be considered as an alternative to performing new contacts.
4. If a community contact is to be performed, prepare for the contact by reviewing information such as previous contacts with the same group or individual, assessment area demographics, and the sample interview questions provided in the *Compliance Examination Manual*.

**SAMPLING
GUIDELINES**

- Sample loans using the 90 percent confidence and a 15 percent precision level using the following table. Discussion of the table in the performance evaluation is not needed. Examiners are reminded that for sampling to produce meaningful results, completely *random* sampling should take place.

**SAMPLING
GUIDELINES
(cont'd)**

- Limit the sampling universe to no more than two loan products.
- Limit the sampling time period to no more than one year.
- Use bank generated data or HMDA data if it is readily available. In these cases, more than one year's worth of data may be used if sampling is not required. It is recommended that HMDA data shown in the performance evaluation be either for one product line or that multiple product lines be combined in one table. Combined HMDA data can be obtained from the "Applicant Income Classification by Census Tract – Total Originations" report available through Tactician CRA Analyzer.
- Use sampling software or DCM; it is almost always faster and more efficient.
- Present sampling information (i.e. sample and universe size and dollar amounts) under the Conclusions with Respect to Performance Criteria where it would be most appropriate. This may be under a specific criteria or as a general statement at the beginning of your conclusions. This same guidance applies to bank generated data analysis that is used.

CRA Loan Sample Size Table	
90% Confidence Level with 15% Precision	
Precision Universe Sample	Number in Sample
10	8
50	24
100	31
200	37
300	39
400	40
500	41
600	42
700	42
800	42
900	43
1000	43
1250	43
1500	43
1750	44
2000	44
3000	44
4000	44
5000	44

GUIDELINES FOR COMPLETING THE PERFORMANCE EVALUATION

The following addresses each area of the performance evaluation. Refer to the sample performance evaluation at the end of this section for additional guidance. In general, performance evaluations should adhere to the following guidelines:

- Include only relevant and meaningful data and tables.
- Utilize bank generated data whenever possible. As always, the accuracy of bank generated data should be verified by the examiner.
- State the conclusion as the opening sentence under each performance criteria, and follow this with reasons why and the supporting data.
- Discuss the five performance criteria in the order of importance, rather than the order in which they appear in the regulation. This format is optional.
- Any and all additional support should be retained in the workpapers.

These same guidelines may be used if an institution is determined to be deserving of an “Outstanding” rating. However, it is expected that additional support and conclusions will be necessary in the PE to substantiate that the institution’s performance does, in fact, materially exceed the standards for a “Satisfactory” rating.

Institution Rating

Limit the summary to one or two sentences addressing each criterion. These should be placed in order of importance.

Description of Institution

1. State the institution’s name, location, gross loans, and total assets.
2. List the primary loan product lines by name and percentage of dollar volume. Only use a table if there are numerous product lines. If a large volume of the bank’s loans is within one to three product lines, a narrative sentence would be more appropriate.
3. State the number of branches and the city/town of each branch.
4. State the bank’s primary business focus.
5. Describe the holding company and affiliates, if any.
6. Provide a brief statement regarding any financial or legal impediments, or the lack thereof.

**GUIDELINES
FOR
COMPLETING
THE PERFORMANCE
EVALUATION
(cont'd)**

Description of Assessment Area

1. Describe the assessment area and provide the number of geographies in each income level.
2. State the population and any relevant trend (i.e. increasing, decreasing, stable).
3. Describe briefly the competitive environment.
4. Describe briefly employment trends, stating the names of any major industries/employers.
5. Describe significant economic trends, if needed.
6. State, if needed for analysis, a limited number of relevant demographics such as owner occupancy percentages, median home values, number and size of farms, etc. Demographics may be presented in a table or in a narrative format.
7. State any relevant information obtained from community contacts and that the information came from a community contact.

**Conclusions with
Respect to
Performance
Criteria**

Loan-to-Deposit Ratio

1. Provide a brief conclusion statement.
2. State the bank's average loan-to-deposit ratio and the number of quarters covered by the ratio. Include the average loan-to-deposit ratios for similarly situated institutions and/or competitors if needed to support the rating and add to the analysis. The names of these institutions do not have to be included in the public disclosure.

NOTE: Use of charts and graphs to depict each quarter of the bank's performance should be rare.

Lending Inside Assessment Area

1. Provide a brief conclusion statement.
2. Provide the percentage of number and dollar volume of loans inside the assessment area.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

1. Provide a brief conclusion statement.
2. State what median family income is being used and then define low-, moderate-, middle-, and upper-income levels in a table.
3. Provide, in a table, the number, dollar volume, and percentages of each, of loans originated and purchased in each income category. In this same table, also provide the percentage of families that fall within each income category, if applicable. A separate table would be presented if business/farm loans were analyzed.

**GUIDELINES
FOR
COMPLETING
THE PERFORMANCE
EVALUATION
(cont'd)**

**Conclusions with
Respect to
Performance
Criteria (cont'd)**

Geographic Distribution of Loans

1. Provide a brief conclusion statement.
2. State, in a table, the number, dollar volume, and percentages of each, of loans originated in low-, moderate-, middle-, and upper-income geographies. Combine the data for each loan product together and present as one number and percentage unless presenting the data separately for different loan products adds to the analysis and conclusion. Also in this same table, provide the percentage of families residing within each income category (or other related comparative demographic data).

NOTE: Block Group Analysis should not be performed, analysis should remain at the census tract/ BNA level.

3. State the income geography of branches if necessary to explain gaps or concentrations in lending.

NOTE: For homogenous assessment areas, a geographic analysis may not be required or relevant in some instances and therefore not performed. If an analysis is not performed, a brief statement to this fact and why should be provided

Response to CRA-Related Complaints

1. Provide a brief statement as to whether or not any CRA-related complaints have been received.
2. Describe the total number received and the bank's record of responding, if applicable.

Compliance with Anti-Discrimination Laws and Regulations

1. Provide a brief statement of whether or not violations of substantive provisions of anti-discrimination laws and regulations were identified during the examination. Note: If substantive violations were identified, then it is likely that the scope of the evaluation would be expanded.

**Information
Gathering
Resources**

This section is to be used as a reference guide. The following sources are provided for your use in gathering the data listed below. All of the following sources will not be needed in each situation, and if the examiner is aware of more efficient and accessible sources, those are to be used. Please use your discretion in using these and other sources of information. Gather only the data that is relevant to your analysis.

**GUIDELINES
FOR
COMPLETING
THE PERFORMANCE
EVALUATION
(cont'd)**

**Information
Gathering
Resources
(cont'd)**

Source: Internet

- FDIC Institution Directory
(Found under Resources on the FDIC's Internet home page) Most of this information can also be obtained through FINDRS.
 - Bank ownership
 - Affiliates and subsidiaries
 - Asset size
 - Gross Loans
 - Loan mix
 - Similarly-situated financial institutions
- Bureau of Labor Statistics regional statistics site at www.bls.gov/reghome.htm
 - Unemployment rates

NOTE: The type of data available differs by region and state.

- USDA state offices web site at www.usda.gov/nass/sso-rpts.htm
 - Average farm cash receipts for the state, county, or other political subdivision within or encompassing the assessment area
 - Principle agriculture industries; for example, livestock, dairy, or crops

NOTE: The type of data available differs by state.

- FFIEC and ETAK Geocoding web sites at www.ffiec.gov/geocode (FFIEC) and www.geocode.com/eagle.html-ssi (ETAK).
 - Census tracts and BNAs for loans do not geocode using CRA Analyzer.

Source: FINDRS

- Average loan-to-deposit ratio
(FINDRS will calculate this ratio over a specified range of dates based on various selection criteria.)
- Loan categories as a percent of total loans
The above information can be obtained by first selecting the *Management* button on the FINDRS menu screen. Then select the *Supervisory* button on the Management Reports screen. Then select the *Loan to Deposit* button on the Supervisory Menu screen. You must be using at least Version 2.4 of FINDRS.
- Call Report data
 - Deposit composition
 - Loan portfolio composition

**GUIDELINES
FOR
COMPLETING
THE PERFORMANCE
EVALUATION
(cont'd)**

**Information
Gathering
Resources
(cont'd)**

- Asset size
 - UBPR data
 - SAER 96 comments
 - Ratings of past examinations for all examination types
(Found under Profile of the Institution Report Menu)
- The above information can be obtained from the Institution Report Menu found by selecting *Institution* on the FINDRS menu screen and then inserting your certificate number.

Source: Bank Management

- Lending focus and business strategies
- Product offerings
- Demographic trends
- Competitive environment
- Average size business within the assessment area

Source: Compliance Information Request

- HMDA reporter
- Number of offices and locations, including ATMs and LPOs

Source: CRA Analyzer Maps and Worksheets

Map Overlays

- Census tract/BNA anomalies, such as parks, golf courses, and prisons

Assessment Area Overview Worksheet

- Population
- Unemployment rates
- Median housing values

Assessment Area In-Depth Worksheet

- Number and percentage of low-, moderate-, middle-, and upper-income geographies within the assessment area.
- Number and percentage of low-, moderate-, middle-, and upper-income families within the assessment area.

Economic Patterns Worksheet

- Major industries

**GUIDELINES
FOR
COMPLETING
THE PERFORMANCE
EVALUATION
(cont'd)**

**Information
Gathering
Resources
(cont'd)**

Source: Community Contacts

- Major employers
- Demographic trends
- Neighborhoods or areas characterized as low- and moderate-income
- Average size business within the assessment area

PUBLIC DISCLOSURE

March 3, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**Community Bank & Trust Company
Certificate Number: 55555-5**

Bank Address

**Federal Deposit Insurance Corporation
Appropriate Address**

NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

*This document is an evaluation of the Community Reinvestment Act (CRA) performance of **Community Bank & Trust Company** prepared by the Federal Deposit Insurance Corporation, the institution's supervisory agency, as of **March 3, 1998**. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345.*

INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The bank's CRA performance depicts a satisfactory practice of providing for the credit needs of its assessment area. This rating is supported by the following:

- An analysis of loan originations reveals an adequate penetration among borrowers of different incomes. The majority of business loans originated were to small businesses.
- The bank has achieved a reasonable dispersion of loans within its assessment area.
- A majority of loan originations since the last evaluation are within the bank's assessment area.
- The average loan-to-deposit ratio reflects an adequate responsiveness to community credit needs.

DESCRIPTION OF INSTITUTION

Community Bank & Trust Company, located in Smalltown, State, is a commercial bank with \$38,150,720 in gross loans and \$56,104,000 in total assets. The bank's primary business focus is residential real estate and commercial loans. Residential real estate comprises 30 percent and commercial purpose loans represent 38 percent of gross loans, respectively.

The bank operates from three locations, all within Some County. The main office and one branch are located in Smalltown with the other branch located in nearby Mayberry. The bank has automated teller machines (ATM) located at each office location.

The bank is owned by Community Bancshares, Inc., a one-bank holding company. No legal or financial impediments exist which would prohibit the bank from meeting the credit needs of the community.

DESCRIPTION OF SOME COUNTY

The bank's assessment area is Some County which is rural and consists of nine block numbering areas (BNAs). The assessment area is composed of two moderate-income, six middle-income, and one upper-income geographies. According to the 1990 Census, the population of Some County is 49,967. A recent community contact, representing a local government entity, indicated that the county's population has continued a steady increase over the last five years.

The bank has many competitors in Some County. The bank's major competitors include three financial institutions and several credit unions and mortgage/finance companies. The county's three largest industries, as a percentage of total industries, are service (37 percent), retail trade (26 percent), and manufacturing (10 percent). According to the Department of Employment Security, the unemployment rate for Some County was 5.6 percent in January 1998 which is down from the county's unemployment rate of 7.8 percent in January 1997. Employment and the economy within the county continue to improve as new businesses locate to the area. Census Bureau data reflects that there are 752 private non-farm establishments (employers) in Some County. Approximately 91 percent of these establishments employ less than 20 people each. There are 16,480 housing units in the county; 71 percent of these units are owner-occupied, 22 percent are rental units, and 5 percent are vacant. The median home value in the county is \$62,500.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

The evaluation of the bank's lending performance is based upon the review of a sample of loans from two loan categories originated since March 1997. The sample consisted of 33 commercial loans totaling \$2,217,995 from a potential universe of 93 loans totaling \$5,925,495. In addition, 32 residential mortgage loans totaling \$1,817,984 from a universe of 88 loans totaling \$4,647,504 were sampled.

Lending to Borrowers of Different Incomes and Businesses of Different Sizes

The bank has achieved an adequate penetration among borrowers of different incomes and businesses of different sizes. The 1997 HUD estimated statewide non-metropolitan median family income (MFI) of \$37,600 was used for borrower distribution analysis. The following table provides information on how each income level is defined.

INCOME LEVEL	PERCENT OF MFI	INCOME RANGE
Low	Less than 50%	Less than \$18,800
Moderate	50% to 80%	\$18,800 to less than \$30,080
Middle	80% to 120%	\$30,080 to less than \$45,120
Upper	120% and over	\$45,120 and over

The following table reflects the lending distribution of the residential real estate loan sample reviewed. In addition, the table includes the percentage of families within each income level according to the 1990 census data. The analysis only includes the sampled loans which were originated within the assessment area.

RESIDENTIAL REAL ESTATE LOANS					
INCOME LEVEL	PERCENT OF FAMILIES	NUMBER	PERCENT	DOLLAR AMOUNT	PERCENT
Low	21	5	19	119,260	8
Moderate	23	6	22	268,334	18
Middle	22	7	26	477,039	32
Upper	34	9	33	626,114	42
TOTALS	100	27	100	\$1,490,747	100

The following table depicts the distribution of the sampled commercial loans made within the assessment area.

COMMERCIAL LOANS				
GROSS REVENUE	NUMBER	PERCENT	DOLLAR AMOUNT	PERCENT
Less than \$100,000	13	46	491,064	27
\$100,000 to \$250,000	7	25	545,626	30
\$250,001 to \$500,000	6	21	400,126	22
\$500,001 to \$1,000,000	1	4	127,313	7
Over \$1,000,000	1	4	254,626	14
TOTALS	28	100	\$1,818,755	100

Geographic Distribution of Loans

The bank has achieved a reasonable dispersion of loans within the assessment area. This dispersion is presented in the following table which includes the percent of families living in the geographies according to the 1990 Census. The bank's main office and Smalltown branch are located in middle-income BNAs while the Mayberry branch office is located in a moderate-income geography.

INCOME LEVEL	PERCENT OF FAMILIES	NUMBER	PERCENT	DOLLAR AMOUNT	PERCENT
Moderate	17	8	15	397,140	12
Middle	71	43	78	2,482,127	75
Upper	12	4	7	430,235	13
TOTALS	100	55	100	\$3,309,502	100

Lending in Assessment Area

The bank originates a majority of its loans within the assessment area. Specifically, 85 percent of the number and 82 percent of the dollar volume of sampled loans were made within the assessment area.

Loan-to-Deposit Ratio

The bank's loan-to-deposit ratio indicates an adequate responsiveness to area credit needs. The bank's average loan-to-deposit ratio, based on 12 quarters since the last evaluation, is approximately 73 percent. Of the local competitors, only two are similar to the bank in terms of size, asset structure, and loan products: First National Bank of Smalltown and Some County Bank & Trust, with ratios for the same time period of 72 percent and 76 percent, respectively.

Response to Complaints

The bank has not received any CRA-related complaints since the last examination.

Compliance with Anti-discrimination Laws and Regulations

No violations of the substantive provisions of the anti-discriminatory laws and regulations were identified during the examination.



**FDIC LAW,
REGULATIONS,
& RELATED
ACTS**

Applicable Rules

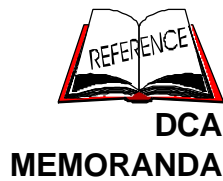
Community Reinvestment Act of 1977, Volume 3, Page 8741
CRA Interagency Questions and Answers, Volume 1, Page 2786.22
Part 345 – Community Reinvestment Act, Volume 1, Page 2781

**Advisory
Opinions**

Applicability of Community Reinvestment Act to a Trust Company, Letter #91-73, Volume 1, Page 4583

**Statements of
Policy**

Community Reinvestment Act, Volume 2, Page 5165
Community Reinvestment Act Information Statement, Volume 2, Page 5205
Federal Financial Institutions Examination Council Community Reinvestment Act Policy Statement on Analyses of Geographic Distribution of Lending, Volume 2, Page 5339
Revised Uniform Interagency Community Reinvestment Act Assessment Rating System, Volume 2, Page 5227
Statement of the Federal Financial Supervisory Agencies Regarding the Community Reinvestment Act, Volume 2, Page 5309
Please use caution when referring to these Policy Statements, as these were issued prior to the effective date of significant changes in CRA as of January 1, 1996



CRA Examination Procedures and Related Implementation Issues, from DCA Director, dated 1/4/96

Examination Procedures for Advertisements and Public Notices, Transmittal #DCA-96-022, dated 2/22/96

General Workpaper Standards and Standardized Workpapers, Transmittal #DCA-96-003, dated 1/19/96

Pre-Examination Planning (PEP) Procedures, Transmittal No. DCA-96-013, dated 1/31/96

FINANCIAL INSTITUTION LETTERS (FIL)

Answers to Frequently Asked Questions About New Data Collection and Reporting Requirements, Letter #4-96, dated 1/22/96

CRA Examination Procedures and Public Evaluation Formats, Letter #10-96, dated 3/8/96

Designations as Wholesale or Limited-Purpose Institutions; Submissions of Strategic Plans, Letter #3-96, dated 1/11/96

Revised Regulation Implementing the Community Reinvestment Act (Part 345); Revision to Regulation C (Includes the Preamble), Letter #35-95, dated 5/17/95

Technical Amendments to Correct and Clarify New Rules Implementing the Community Reinvestment Act (Part 345), Letter #87-95, dated 12/27/95

OTHER

FFIEC Community Contacts Procedures, Community Reinvestment Act Examination Procedures -and- Performance Evaluations, "Red Book", Tab K

FFIEC Legal Advisory Group Opinion [Interstate Banking and Branching Efficiency Act of 1994 (IBBEA) and CRA], "Red Book", Tab L

OCC News Release, Department of Justice Opinion Released on Enforcement Action on CRA, dated 12/15/94
